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Harris: Purchasing systems moving to Internet

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Roger Harris
Editor of Fast Forward.

Published November 08, 1999

Ventura technology company Vsource Inc. is going all the way this week.

Vsource will unveil its new Virtual Source Network, an electronic purchasing system for business, at an industry conference in Phoenix. The company describes the network as the first completely Internet-based business-to-business purchasing system that provides automated service for the entire procurement process.

Competing technology companies offer their own automated electronic purchasing systems that make use of the Internet, but they typically require users to install special software.

Vsource believes VirtualSource Network is the first automated electronic purchasing system that does not require users to install expensive software. The only software Vsource customers needs is the Web browser they already have, said Vsource vice president Richard McShirley.

There are companies successful right now with software-based e-procurement systems, McShirley said. What we didnt want to do was make it where we had to install and service software. If we went the

software route, there would be a good chance that by the time we installed the software for a client it would effectively be obsolete.

Eliminating the need for specialized software not only makes implementation easier, but cheaper, McShirley said.

Vsource (formerly known as Interactive Buyers Network International Ltd.) has chosen to introduce its new product at the National Association of Purchasing Managements Electronic Commerce Conference a natural choice for reaching the people most interested in streamlining the purchasing process.

With Virtual Source, companies can customize the system to automate everything from material purchasing to requests for quotations to direct ordering from catalogs or contracts and send and receive invoices. Users can configure the system to meet their own security needs.

Another goodie is the networks ability to handle different languages, a handy feature for companies doing business worldwide.

Vsource, founded in 1995, started life as a software development company. Its first product was electronic commerce software for soliciting purchasing quotes. Although customers liked what the software could do, they didnt like the idea of adding new software on top of existing software systems.

It didnt take Vsource long to realize that

software-based systems were doomed. Delivering electronic commerce services via the Internet was the future, McShirley said. By 1998, Vsource stopped making its software and focused entirely on developing an Internet-based electronic commerce system.

Technicolor Video Services in Camarillo, which provides video cassette and digital video disk duplication services, has participated in a pilot program using the Vsource network to good effect.

Technicolor vice president Ed Bull called it simple, fast and cost effective.

Vsource seems to be bringing its new product to market at just the right time. The number of people taking advantage of Internet purchasing system users is expected to grow from 600,000 today to 250 million by 2003, according to International Data Corp.

Its all about making it faster, better, cheaper, McShirley said.

Roger Harris is the editor of Fast Forward. He welcomes comments and can be reached online at harris@staronline.com or by phone at 383-2316.



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[Profile - Vsource, Inc. \(OTC BB: VSRC.OB\)](#)

As of 23-June-2000

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Location

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Employees as of 1/00: 42

Financial Links

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Competitors:

Sector: Technology
Industry: Computer Services

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Ownership

- Insider: 29%
- Over the last 6 months:
 - one insider buy; 5,000 shares (0.1% of insider shares)
 - 2 insider sells; 35.0K shares (0.8% of insider shares)
- Institutional: 0% (0% of float) (0 institutions)
- Net Inst. Selling: 1,000 shares (prior quarter to latest quarter)

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Business Summary

Vsource, Inc., formerly Interactive Buyers Network International, Ltd., operates the Virtual Source Network, a server-based computer system for conducting electronic commerce over the Internet. By accessing a Virtual Source Network web site, the client, or buyer, uses its customized version of Virtual Source Network to initiate a request for quotation, which is electronically distributed to vendors via the Internet. In addition to Virtual Source Network, Interactive Buyers also offers Virtual Source Publisher, a do-it-yourself web site builder that allows a user to establish its own Internet web site.

Financial Summary

Vsource, Inc. operates the Virtual Source Network, a server-based computer system for conducting electronic commerce over the Internet. The Company also offers a do-it-yourself Internet web site builder. For the three months ended 4/30/00 revenues totalled \$0 vs. revenues of \$4 thousand. Net loss totalled \$12.7 million, up from \$334 thousand. Revenues reflect the discontinuation of the previous annual subscription program. Higher loss reflects costs associated with option issue.

Officers

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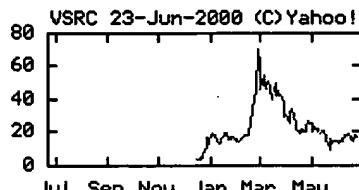
FY1999 Compensation	
Pay	Exer

Robert McShirley, 45 Pres, CEO, Chairman	\$117K	\$258K
Sandford Waddell, 59 CFO, Sec., Treasurer	--	--
P. Scott Turner, 33 COO	--	--
Jeri Sessler, 46 Exec. VP, Client Operations	--	--
Dennis McQuilliams, 48 VP and CTO	--	--

Dollar amounts are as of 31-Jan-2000 and compensation values are for the fiscal year ending on that date; "Pay" is salary, bonuses, etc.; "Exer" is the value of options exercised during the fiscal year.

[Statistics at a Glance -- OTC BB:VSRG.OB](#)

As of 23-June-2000

Price and Volume		Per-Share Data		Management Effectiveness	
52-Week Low on 22-Oct-1999	\$1.50	Book Value (mrq)	\$0.22	Return on Assets (ttm)	-293.70%
Recent Price	\$17.25	Earnings (ttm)	-\$1.13	Return on Equity (ttm)	-1674.84%
52-Week High on 29-Feb-2000	\$85.00	Earnings (mrq)	-\$0.80	Financial Strength	
Beta	0.03	Sales	N/A	Current Ratio (mrq)	3.69
Daily Volume (3-month avg)	103.5K	Cash (mrq)	\$0.24	Debt/Equity (mrq)	0.04
Daily Volume (10-day avg)	58.0K	Valuation Ratios		Total Cash (mrq)	\$3.87M
Stock Performance		Sales/Book (mrq)	79.01	Short Interest	
 Jul Sep Nov Jan Mar May big chart [1d 5d 3mo 1yr 2yr 5yr max]		Price/Earnings	N/A	Shares Short	N/A
52-Week Change	+805.0%	Price/Sales	N/A		
52-Week Change relative to S&P500	+720.2%	Income Statements			
Share-Related Items		Sales (ttm)	\$0		
Market Capitalization	\$272.8M	EBITDA (ttm)	-\$9.69M		
Shares Outstanding	15.8M	Income available to common (ttm)	-\$17.9M		
Float	11.2M	Profitability			
Dividends & Splits		Profit Margin	N/A		
Annual Dividend	none	Operating Margin	N/A		
Last Split	none	Fiscal Year			
		Fiscal Year Ends	Jan 31		
		Most recent quarter	30-Apr-2000		

See [Profile Help](#) for a description of each item above; K = thousands; M = millions; mrq = most-recent quarter; ttm = trailing twelve months; (as of 30-Apr-2000)

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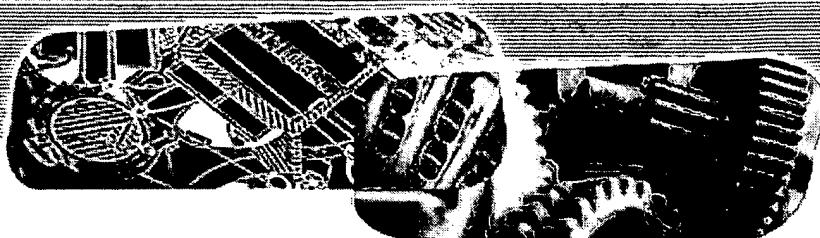
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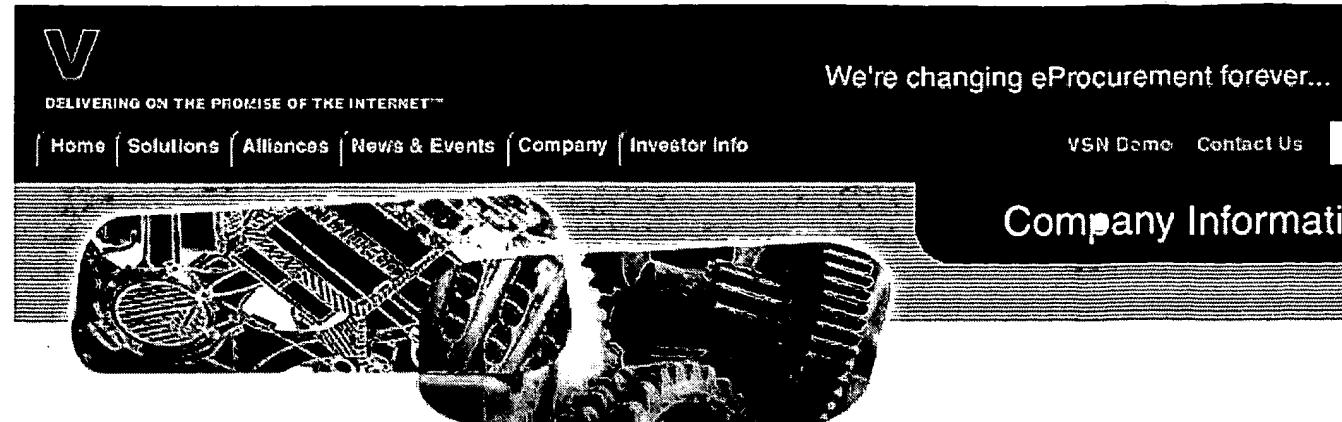
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Company History

When our company began in 1995, our vision was to create a way for companies to easily source and purchase items needed for their operations. We started by creating a software-based Request for Quotation (RFQ) module that quickly gained acceptance at many larger organizations. As the Internet began to evolve rapidly, we saw an opportunity to solve some of the major problems associated with cost, implementation and support for computer software products. Over the last two years, we have invested substantial resources in the development of VSN using an Application Service Provider (ASP) model. The bottom line is that we have created an eProcurement application that operates just like expensive software programs, but without the high costs and limitations of these systems.

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Office Locations

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Programming Center
Bothell, WA 98011

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